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FIRST COUNTRY COOPERATION FRAMEWORK FOR LESOTHO (1997-2000)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Lesotho is based on a series of consultations and discussions that began with the July 1995 mid-term review of the fifth country programme and concluded in November 1996. Throughout that period, the Government of Lesotho, UNDP, national non-governmental organizations (NGOs) and civil society institutions, and other donor agencies sought to reach agreement on the broad policy directions for future cooperation between the Government of Lesotho and UNDP, in support of the Government's principal development objective of poverty eradication and in keeping with the UNDP mandate to foster sustainable human development (SHD).

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. In comparison with other sub-Saharan and least-developed countries, Lesotho has made important strides in addressing many of its development challenges. Economic management has improved considerably in the last few years, in the wake of structural adjustment support from the International Monetary Fund, the World Bank and other donors. A budget deficit of over 9 per cent of per capita gross national product (GNP) in 1988/1989 has been transformed into a surplus of 3.2 per cent of per capita GNP in 1995/1996, and the rate of inflation has been reduced from 20 per cent in 1989 to 9.6 per cent in 1995. Important structural changes have been initiated, including the establishment of the legal and institutional framework for privatization and the restructuring of parastatals; the strengthening of public sector investment programming; and the introduction of a civil service reform programme.

3. According to the Human Development Report 1996, in terms of its human development index, Lesotho ranked 130 out of 174 countries - only 10 sub-Saharan countries performed better. There have been major improvements in a number of social indicators since independence. Average life expectancy has increased from only 42.9 years in 1960 to 60.8 years in 1993; the infant mortality rate has decreased from 149 to 79 per 1,000 live births over the same period; and the adult literacy rate now approaches 70 per cent. Eighty per cent of the population has access to health facilities, and slightly over 50 per cent has access to safe drinking water. In terms of women's status, Lesotho has also done comparatively well, notwithstanding considerable room for improvement in such areas as the legal rights of women. Women's average educational attainment, for example, is somewhat higher than that of men. Girls' secondary school-age attendance stands at 27 per cent of the school-age population, against a national average of 23 per cent.

4. Despite these impressive achievements, Lesotho continues to face a number of serious challenges in its efforts to achieve SHD. The economic growth of the past few years has not been equitably distributed, and unemployment hovers between 35 and 45 per cent. The population growth rate remains high, at 2.6 per cent per annum. In 1993, only 28 per cent of the workforce was employed in the formal sector, 55 per cent of whom worked in the mines of South Africa. Conversely, 72 per cent of the workforce is engaged in the low-productivity agricultural sector and the informal sector. Poverty is thus widespread, affecting an estimated 49 per cent of the population. In rural areas, the incidence, severity and depth of poverty are twice the levels found in urban

areas. Among rural communities, 54 per cent of the population lives below the poverty line, and some 35 per cent of rural families are landless. Approximately 70 per cent of rural families are headed by women, reflecting the large number of adult males working in South Africa.

5. Rural poverty is also a cause and consequence of the serious environmental problems confronting Lesotho. The country's land area is predominately mountainous and its natural resource base is small. Unrelenting pressures on the fragile mountainous ecosystems have been exacerbated by population growth, the expanding use of marginalized areas for agricultural production, and overgrazing and firewood collection. It is indicative of the seriousness of Lesotho's environmental degradation that crop yields for the country's three major crops decreased by half during the 1976-1994 period, and that the share of agricultural production contributed only 9.6 per cent of gross domestic product in 1995, compared to 31 per cent in 1970.

6. As a small, land-locked country of approximately 2 million people, Lesotho's ability to achieve its SHD objectives will be closely linked to the evolving economic and political dynamics of its larger neighbour, South Africa, as well as to other countries of the Southern African Development Community (SADC). South Africa currently provides some 90 per cent of Lesotho's imports and absorbs approximately 50 per cent of its exports. Customs receipts account for over 50 per cent of government revenue, and over 50 per cent of the formal labour force works in South African mines, making Lesotho heavily dependent on their remittances. Similarly, as a member of the Common Monetary Area, Lesotho's currency, the loti, is pegged on a one-to-one basis to the South African rand, which thus severely limits Lesotho's own monetary policy options.

7. Lesotho's national development objectives and strategies have been articulated in a number of recent policy documents, including the 1995/1996-1997/1998 Policy Framework Paper, the draft Sixth National Development Plan 1996/1997-1998/1999, which is currently being finalized by the National Planning Board, and the draft Strategic Economic Options Report. All three documents stress the Government's overriding commitment to improving the welfare of its people through the eradication of poverty and more equitable distribution of income, based on sound economic growth and the establishment of an enabling socio-economic environment that encourages more productive employment opportunities.

II. RESULTS AND LESSONS OF PAST COOPERATION

8. With the overall objective of poverty eradication, the fifth country programme, covering the period 1992-1996, supported four broad areas of concentration: (a) economic management and civil service reform; (b) human resource development; (c) employment promotion; and (d) rural development and the environment. The more structured, sharply focused and coordinated programme approach of the fifth country programme represented an important shift in the direction of a more coherent assistance strategy, when compared with earlier assistance, which comprised multiple sectors and numbers and types of unrelated projects, often developed on an ad hoc basis.

9. By and large, the lessons learned from the fifth country programme indicate that UNDP has played, and can continue to play, a major role in helping the Government to strengthen national management capacity, and more specifically, its capacity to formulate and implement a more realistic development agenda. UNDP should continue to support the Government in its efforts to enhance the use and management of domestic, external, environmental and human resources and harness the full potential of existing human resources through a larger role for the civil society and the private sector.

10. Notable progress was made in using the programme approach, thereby ensuring more effective utilization of resources towards the goal of eliminating poverty. However, the slow development of clear guidelines for using the programme approach resulted in long delays in the formulation, approval and implementation of programme components, as well as weak linkages with related programmes supported by the Government and/or other donors. Considerable progress was also made in the use of the national execution modality. At the beginning of the fifth country programme, only one project, accounting for 1 per cent of the indicative planning figure (IPF), was nationally executed. By early 1996, this had increased to three projects and three programme components, accounting for almost 30 per cent of the total IPF, although the accelerated utilization created difficulties initially, due largely to the lack of clear guidelines on the part of both the Government and UNDP. Capacity-building and institution-strengthening must still underpin UNDP development cooperation in Lesotho, in order to help foster broader government and civil society participation in the development process. In the face of diminishing official development assistance for Lesotho, the round-table process is an effective mechanism by which to allow UNDP and other donor resources to play a more catalytic role in the country's development process.

III. PROPOSED STRATEGY AND THEMATIC AREAS

11. The Government considers it imperative that the first CCF continue to strengthen and consolidate SHD activities that promote poverty eradication. In furthering this objective, the focus will be on policy analysis and formulation and interventions that promote capacity-building and national ownership in mutually agreed areas of cooperation. This framework for cooperation is fully consistent with the goals articulated in recent United Nations-sponsored international conferences, including the United Nations Special Initiative for Africa. It likewise complements the already-agreed areas for consideration at the 1997 Sectoral Round-Table Consultations: (a) poverty eradication, (b) civil service reform, (c) education, and (d) employment generation. In addition, special consideration will continue to be given to the cross-cutting issues of gender, the involvement of civil society, and collaboration with the donor community, especially with regard to SADC-based regional integration and through more timely and effective aid coordination and resource mobilization.

12. Under the first CCF, UNDP will cooperate with the Government in three core areas, each distinct but interrelated, in order to generate a synergystic effect and increase the leverage of available resources. Furthermore, all areas of concentration will facilitate the national absorptive capacity to use externally mobilized resources and thus set in place the appropriate policy environment and

participatory framework for the implementation of poverty-eradication policies and strategies.

13. The three areas of concentration are as follows: (a) enhanced governance and capacity development for economic management and civil service reform; (b) human resources development and employment creation; and (c) rural development and environmental management. Because of the importance of gender issues in Lesotho, programmes in all three areas of concentration will promote the enhancement of the role of women. In addition to the economic empowerment of women through the area of concentration focusing on human resources development and employment creation, affirmative action will be applied, where appropriate, in the selection of consultants and project staff.

A. Enhanced governance and capacity development for economic management and civil service reform

14. In Lesotho, in terms of performance and sustainability, there is a strong correlation between economic management and public policy formulation, the effectiveness and responsiveness of the civil service, and the "health" of the governance process. The current democratic Government is now committed to addressing these issues in a more systematic and concerted manner. There is a growing realization of the need to change the culture of public management from its present administrative, procedural orientation to an achievement-oriented management style. Work in this area of concentration will have two complementary components, both directed at capacity-building in the public sector to enable its various parts, including the decentralized elements, to perform their functions more effectively. The goal will be to facilitate improved management, planning and implementation of all public sector development programmes, including in the other areas of concentration of the CCF. Apart from UNDP, this area of concentration will be supported by the United Kingdom's Overseas Development Administration, the Swedish International Development Authority and Irish Aid, as well as the World Bank and African Development Bank.

15. The first component of cooperation in this area of concentration will focus on economic planning and management. Its broad objective will be to increase the effectiveness of planning and aid coordination in the Ministry of Economic Planning and planning units within line ministries. The specific objectives will be: (a) to help the Ministry of Economic Planning and the line ministries attain their full complement of competently trained planning personnel; (b) to encourage more timely analysis and more focused strategic formulation of both medium- and long-term planning perspectives, in order to improve government decision-making; (c) to expand staff capabilities to monitor and evaluate national and sectoral plans and public sector investment programmes and to ensure the timely delivery of technical analyses, e.g., the national human development report; (d) to ensure the Government's capacity to mobilize, manage, and utilize externally-supplied resources effectively in conjunction with available domestic resources, through such means as the round-table process; and (e) to support awareness campaigns aimed at encouraging informed public debate on key development issues.

16. The second component will be directed at two government priorities: (a) support to accelerate the formulation and implementation of a more clearly

defined role for the public sector; and (b) support to deepen and extend the process of decentralization. In the context of civil service reform, Government/UNDP collaboration will focus on the introduction of more objective and transparent systems for the appointment and promotion of civil servants, as well as the acceleration of improvements in management information and budgeting systems, with the aim of achieving increased efficiency, responsiveness and reduced costs in the delivery of public services. UNDP will continue to work closely with and through the Government Secretary, the Ministry of Public Service, the Ministry of Economic Planning, and the Lesotho Institute of Public Administration and Management. This component will also be one channel by which to address the "brain-drain" problem and to provide further support for conflict resolution initiatives that foster dialogue, build consensus and strengthen the understanding of the role of the armed forces and other civil institutions in a democracy.

17. With respect to decentralization, notable progress has been made in strengthening development planning at the village and district levels, but the speed and consistency of the decentralization process has been slower than anticipated. Nonetheless, the Government remains strongly committed to the establishment of effective local government as a means by which to ensure grass-roots involvement in planning and decision-making processes. Previous UNDP-supported efforts have put into place the foundations to expedite progress and are likely to benefit from additional assistance through the forthcoming United Nations Capital Development Fund (UNCDF) programme, as well as from a number of other donors. Specific areas of support will be clarified when the bill on local government currently before Parliament is passed. Decentralization efforts will also be included in the operational support provided through the area of rural development and environmental management, as described in section C below.

B. Human resources development and employment creation

18. As indicated above, unemployment and the shortage of entrepreneurial capacity continue to be major challenges for Lesotho and are among the major causes of endemic poverty. This area of concentration will be supported by the European Union, the World Bank, and the Governments of South Africa and the United States. At the policy level, the Ministries of Labour and Employment and Trade and Industry will be provided with support in the analysis of unemployment and the finalization of more effective employment policies and their translation into appropriate actions. More specifically, support will aim at helping the Government to develop policies that will create a more conducive environment for business growth, and promote indigenous entrepreneurship through the development of small-, medium-, and micro-scale enterprises. The experience of the subregion in the formulation of such policies and strategies will be reflected where appropriate, while special attention will continue to address the gender dimensions of unemployment and employment generation, and the special problems of retrenched mine workers.

19. At the operational level, UNDP will continue to collaborate with the Ministry of Trade and Industry to design and implement a relevant and well-targeted mix of support instruments at the local/NGO level - policy and incentive schemes, credit, as well as institutional and capacity-building

arrangements - for more comprehensive support to the small- and medium-scale enterprise sector.

20. Another component of cooperation in this area will concentrate on expanding and extending existing support to the Ministry of Education for vocational-skills development, focusing on rural training facilities. In terms of beneficiaries, these ongoing initiatives will give increased emphasis to the provision of assistance to the informal sector, as this is seen as an important, but hitherto neglected area. In keeping with the higher incidence of poverty and unemployment in the rural informal sector, women, rural entrepreneurs, and retrenched mine workers will be given special consideration. It is expected that some 5,000 small-scale enterprises, at least 50 per cent of which will be owned by rural women, will be assisted.

C. Rural development and environmental management

21. Poverty in Lesotho is closely associated with environmental degradation, and both are especially severe in rural areas. Accordingly, support in this area of concentration will address both the policy context for rural development and environmental degradation, as well as the development of specific interventions. Additional support will be provided by the European Union and Danish Cooperation for Environment and Development. The first component of cooperation in this area involves the continuation of ongoing efforts to strengthen the National Environment Secretariat, in order to improve the overall coordination and consistency of environmental policies. Among other things, this component will: (a) assist the Government to strengthen international coordination; (b) launch an outreach programme for the implementation of the Agenda 21 National Agenda Plan; (c) promote a grass-roots approach to environmental education and public awareness; (d) establish national, subregional and regional networks; (e) organize training assignments within the framework of technical cooperation among developing countries (TCDC); and (f) encourage the participation of the private sector.

22. The second component will focus on capacity-building for rural development through the following: (a) strengthening the institutional and implementation capacity of selected district authorities to enable them to better manage the preparation and implementation of district development plans; (b) assessing needs, developing course materials, and providing training for district- and village-level rural development officers; and (c) strengthening land husbandry services in the Ministry of Agriculture, Cooperatives and Marketing at the district and village levels. As part of decentralization efforts and in addition to the above, the Ministry of Local Government will also be supported in its efforts to forge partnerships with NGOs and the private sector for service delivery and rural development. This component will be complemented by capital assistance from UNCDF, especially for the development of social infrastructure and the supporting institutional framework to facilitate decentralization.

23. As part of the second component, support for the National Environment Youth Corps will be continued. The focus will be on creating employment opportunities for young people in both rural and urban areas, through the promotion of a wide range of income-generating environmental activities.

D. Other initiatives

24. While they do not fit into the three areas of concentration outlined above, two additional projects are perceived as critical to the achievement of the country's development goals and have been included in the agreed areas of collaboration between UNDP and the Government. In view of the increasing incidence of HIV/AIDS in Lesotho, it has been decided that the ongoing AIDS control programme is worthy of special attention and should be continued. This multisectoral programme is being executed by the World Health Organization (WHO) and coordinated by the Ministry of Health, and involves the oversight of the Joint and Co-sponsored United Nations Programme on HIV/AIDS (UNAIDS) United Nations Theme Group on HIV/AIDS. In addition, with resources from the Global Environment Facility, a special initiative will be launched to promote biodiversity conservation and watershed management within the Lesotho Highlands and the Drakensburg Mountains in neighbouring South Africa.

IV. MANAGEMENT ARRANGEMENTS

25. Strengthened mechanisms for execution and implementation. Several steps will be taken under the first CCF to strengthen the coordination and implementation of UNDP support. Insofar as possible, existing institutional arrangements such as the National Planning Board and the Principal Secretaries Forum will be utilized for decision-making. Steering committees will be established to oversee each area of concentration, meeting regularly, with the participation of UNDP and other relevant United Nations agencies, in order to give essential direction to the programmes in each of the three areas of concentration. This will improve coordination between the different elements within each UNDP-supported area of concentration, and also with other related programmes supported by Government and/or other donors.

26. Earlier progress made in the application of the programme approach will be strengthened. This will include building on the mechanisms agreed to during the Sectoral Round-Table Consultations. Expanded national execution will be another measure used to foster accelerated implementation, monitoring and evaluation. The Government will be encouraged to assume progressively greater responsibility for project execution, so that by the end of the CCF period it will be responsible for the execution of at least 60 per cent of all projects. To further build national capacity, to the extent possible, this process will include the expanded use of national experts and consultants, including local NGOs. Use of the TCDC modality will also be encouraged, especially through twinning with and/or use of appropriate institutions within Southern Africa.

27. National policy lessons from international fora. The Government is aware that the recommendations and follow-up activities of recent international development conferences can help to guide and clarify its own development objectives. The deliberations of such global meetings as the United Nations Conference on Environment and Development (Rio de Janeiro), the International Conference on Population and Development (Cairo), the World Summit for Social Development (Copenhagen), the Fourth World Conference on Women (Beijing), the second United Nations Conference on Human Settlements (Habitat II), and the World Food Summit reflect the same kinds of debate and policy challenges Lesotho faces. As part of the first CCF, UNDP will continue to help the Government to

ensure that the international lessons arising from global conferences receive the attention and support they warrant in formulating and implementing national development priorities.

28. Monitoring and evaluation. To facilitate the process of monitoring and evaluation, specific and quantifiable targets will be set out in each programme document. Regular meetings (held at least quarterly) with the relevant ministries to review progress and agree on remedial action will be encouraged. Tripartite reviews and at least one in-depth evaluation of activities in each area of concentration will be conducted. In addition, a mid-term review of the overall CCF will be conducted to ensure its continued relevance. The steering committees in each area of concentration and regular monitoring visits by UNDP staff will play an important role in the continuous monitoring of specific activities, thereby minimizing problems and fostering timely corrective action.

29. Resource mobilization. As UNDP core resources continue to decline, resource mobilization will assume even greater importance during the period of the first CCF. Core resources will be augmented not only with those of UNCDF, the United Nations Development Fund for Women and the United Nations Volunteer programme, but also through access to special resources in support of poverty (the Poverty Strategy Initiative) and governance (the Norwegian Trust Fund), as well as cost-sharing from the Government, particularly through the Development Fund of the Lesotho Highlands Water Project (see annex). Resources from other donors will be sought through round-table consultations and fund-raising for individual programmes. When cost-sharing is not feasible, donors will be encouraged to pursue parallel financing, especially in the public sector reform and economic management programme components. In addition, stronger linkages with UNDP regional programmes will be sought, as a means to access additional resources.

30. Aid coordination and collaboration within the United Nations system. In the face of possible diminishing external support, donor coordination will continue to be a top priority for Government/UNDP collaboration, in order to ensure the most effective use of available resources. During the fifth country programme, inter-agency cooperation improved considerably. UNDP has collaborated closely with the United Nations Population Fund, WHO and the United Nations Children's Fund on Lesotho's Safe Motherhood Initiative, in addition to the UNAIDS project mentioned in paragraph 24 above. UNDP, the United Nations Educational, Scientific and Cultural Organization and the World Bank are currently helping Government to prepare an Environmental Impact Assessment for the Lesotho Highlands Water Project. And during the 1996 Sectoral Round-Table Consultations, UNDP worked closely with the Bretton Woods institutions, the European Union, the African Development Bank, and the bilateral donors active in Lesotho, in supporting the Government's efforts to secure donor assistance for programmes in agriculture, the environment, tourism, health and population. With respect to the United Nations specialized agencies in particular, the Government expects that, in using the programme approach, these agencies will: (a) provide technical guidance, as appropriate, in the design and formulation of selected government policies and programmes; and (b) mobilize the international inputs necessary for the successful implementation of the Government's chosen development goals.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR LESOTHO (1997-2000)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	797	
TRAC 1.1.1	5 587	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	495	
Subtotal	6 879 a/	
NON-CORE FUNDS		
Government cost-sharing	667	
Sustainable development funds	1 300	GEF, others to be determined.
Third-party cost-sharing	667	
Funds, trust funds and other	5 984	
	of which:	
UNCDF	4 000	
UNIFEM	667	
UNV	667	
PSI	150	
Norwegian Trust Fund	500	
Subtotal	8 618	
GRAND TOTAL	15 497 a/	

a/ Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; PSI = Poverty Strategy Initiative; SPPD = support for policy and programme development; and STS = support for technical services; and TRAC = target for resource assignment from the core; UNCDF = United Nations Capital Development Fund; UNIFEM = United Nations Development Fund for Women; UNV = United Nations Volunteer programme.